

191—28.7(509) Credit life insurance rates.

28.7(1) Premium rate. Credit life insurance premium rates for the insured portion of an indebtedness repayable in equal monthly installments, where the insured portion of the indebtedness decreases uniformly by the amount of the monthly installment paid, shall be as set forth in paragraphs “a” and “b” below. Paragraph “c” below refers to premium rates for other types of benefits either alone or in combination with the type of benefits applicable to paragraphs “a” and “b.”

a. \$89 per month per \$1,000 of outstanding principal balance if premiums are payable on a monthly outstanding balance basis.

b. Gross coverage — decreasing term. If premiums are payable on a single premium basis and the amount of insurance decreases in equal monthly amounts, the prima facie premium rate shall be \$.58 per annum per \$100 of initial insured indebtedness.

c. Gross coverage — level term. If premiums are payable on a single premium basis when the benefit provided is level term, the prima facie rate shall be \$1.07 per annum per \$100 of initial insured indebtedness.

d. Joint coverage on either of the bases in paragraph “a,” “b,” or “c” of this subrule shall be 166 percent of the specific rate for that type of coverage.

e. A combination of the appropriate rate for level term and the appropriate rate for decreasing term (with equal decrements), if coverage provided is a combination of level term and decreasing term (with equal decrements).

f. If the benefits provided are other than those described in the introduction to this subrule, premium rates for the benefits shall be actuarially consistent with the rates provided in paragraphs “a,” “b,” “c,” and “d” above.

28.7(2) The premium rates in 28.7(1) shall apply to policies providing credit life insurance to be issued with or without evidence of insurability, to be offered to all debtors, and containing:

a. No exclusions other than suicide within six months of the incurred indebtedness; and

b. Either no age restrictions or age restrictions making ineligible for coverage debtors 65 or over at the time the indebtedness is incurred or debtors having attained age 66 or over on the maturity date of the indebtedness.

c. Insurance written in connection with an open-end credit plan may exclude from the classes eligible for insurance classes of debtors determined by age, and provide for the cessation of insurance or reduction in the amount of insurance upon attainment of not less than age 65.

d. On insurance written in connection with closed-end credit plans and open-end credit plans where the amount of insurance is based on or limited to the outstanding unpaid balance, no provision excluding or denying a claim for death resulting from a preexisting condition except for those conditions for which the insured debtor received medical diagnosis or treatment within six months preceding the effective date of coverage and which caused or substantially contributed to the death of the insured debtor within six months following the effective date of coverage. The effective date of coverage for each part of the insurance attributable to a different advance or charge to the plan account is the date on which the advance or charge is posted to the plan account. Other more restrictive provisions may be used subject to appropriate rate adjustment approved by the insurance commissioner.